REMARKS

Claims 1-21 were filed in the application, and the Examiner has restricted examination to claims 5-7 and 9-12. The other claims are now canceled (without prejudice to applicants' right to pursue such claims in one or more related applications). Dependent claims 22-25 are newly added.

Claims 10 and 11 stand rejected as anticipated by Abecassis (6,553,178).

Abecassis is understood to teach an arrangement that rewards consumers for viewing promotional videos, by issuing them service or merchandise credits. Abecassis contemplates that commercial videos can be offered in a video-on-demand system – just as Hollywood movies are offered. Thus, for example, if a consumer selects *Star Wars* for viewing, the consumer may pay a fee, but if the consumer selects a *Nike* commercial for viewing, the consumer may receive a credit.

Abecassis suffers in that there is no way to ensure that the consumer actually views a selected promotional video. Thus, his patent repeatedly refers to issuing credit for "apparent viewings"[1] (*e.g.*, the user starts the promotional video to play, but there is no assurance that the user is actually watching the video once it starts to play).

Applicants' arrangement differs in several respects from Abecassis.

One distinction is that applicants' claim 10 arrangement concerns "product placement"-type promotions. Applicants' specification gives the example of the character Ross in the television show *Friends* drinking a Coke.[2] This *integration* of a product promotion *within* entertainment content is different than the usual advertising model, in which entertainment content is *interrupted* by insertion of an advertisement.

Another distinction directly addresses the Abecassis shortcoming. There is no "apparent viewing" issue. The consumer is *known* to be viewing the promotion because he/she performs an action *during* the video – rather than performing an action to *start* the video. As paragraph [0028] of applicants' specification notes:

> [0028] For example, if Ross in the TV show Friends is drinking a Coke during the show, then clicking during that time will present the viewer with linking options, one of which is viewing the web page of Coke. It will be identified that this is an advertising link,

1 *See, e.g.,* Abstract, claims, etc.
2 *See* paragraph [0028]

possibly with an ad credit symbol such as a $. If the user clicks on this option, they will receive some benefit, such as x cents deducted from their monthly TV bill. Thus, if they want to watch TV without ads, they just don't click on ads and pay more for the monthly TV bill.

Claim 10 has been amended to emphasize such distinctions.

Claim 5 has been rejected over Abecassis in view of Collart (6,405,203). The claim is believed properly patentable over such art, and additionally has been amended to emphasize certain distinctions.

Abecassis teaches a "skip function" that can be invoked by a user to skip to a next segment of the video. By such arrangement, a viewer can skip scenes of a movie that might be distressing to a child (col. 40, ll. 15-16) or skip the views of a particular panelist in a panel discussion (col. 39, ll. 59-63).

However, Abecassis is not understood to teach a method "to skip advertisement which changes the cost of the video downloaded by the viewer" as asserted by the Action.

The user of Abecassis can view promotional videos (e.g., for Coke or Nike) to receive credit. These credits may reduce the user's monthly video bill. However, such promotional videos are not included *within* entertainment content; they are stand-alone videos. They do not serve to interrupt and separate entertainment content into portions (e.g., as in traditional TV advertising). No "skipping" of such a promotion – to more rapidly reach a second portion of entertainment video content - is contemplated.

Claim 5 has been amended, e.g., to now require "*the promotional message interrupting and separating the entertainment video content into first and second portions*," and concerns skipping over the promotional message "*to more rapidly reach the second portion of the entertainment content video*." Abecassis – as applied against claim 5 – does not teach or suggest such arrangement.

In connection with claim 7, the Action cites Collart at col. 21, lines 17-42, and col. 31, lines 9-51.

Collart teaches an arrangement by which a DVD disc (or other data storage medium) is marked with extra information (BCA data) indicating parties in the distribution chain (e.g., studio, distributor, retailer, consumer).

In Collart, there are three usage cases (col. 14, lines 5-16). In one, a consumer launches a browser, and the system uses the BCA information to look up information in a database. In a second, a local application automatically connects to the internet and acts on the BCA information. And in the third, a local application uses data included in the BCA, and tailors the user experience based on that information.

The cited passage from col. 21 particularly details an example of the first case: when the consumer launches a web browser, Collart's system uses the BCA information from the DVD disc to present a banner advertisement (e.g., promoting a distributor or retailer of the disc) on web pages presented to the user.

(The passage from col. 31 simply notes that watermarking may be employed to convey the Burst Cut Area (BCA) information, and briefly outlines how watermarking in MPEG bit-streams may work.)

Claim 7 has been amended to emphasize that watermark/fingerprint is sensed from the video content *as it is rendered at the user device.* In Collart, the BCA information is read from the disc automatically when the disc is placed in the DVD reader, or when the user launches a web browser. Sensing of the BCA information is not dependent on the user having actually viewed a promotional message in entertainment video content.

Claim 7 has been amended to emphasize this distinction.

Regarding claim 9, Abecassis is understood to teach an arrangement in which a viewer may be granted a free viewing of a motion picture, as a reward for watching an advertisement (col. 48, lines 37-41). Abecassis further teaches that in other circumstances, the viewer may be required to pay a content proprietor for viewing a movie (col. 45, lines 19-24).

Claim 9, to which these teaching are applied, concerns a different arrangement.

In the cited Abecassis teaching, a motion picture is provided for free only if the viewer has earlier earned credits. The content provider was thus provided consideration

for the motion picture earlier; no compensation is provided to the proprietor after the free content is provided.

In the claimed arrangement, the compensation is provided to the proprietor *after* the free content is provided.

Collart does not address such deficiency.

Claim 9 has been amended to emphasize this distinction.

For brevity's sake, these remarks have only addressed certain of the claims, and have detailed only certain of the distinctions between the claims and the art. However, such discussion is believed sufficient to establish the allowability of all pending claims. Thus, applicant does not further belabor this paper with other arguments concerning the rejections, the art, and the claims – all of which are reserved for possible later presentation.

In the Preliminary Amendment filed on October 19, 2007, applicants amended the title of the application. That change does not seem to have been entered in the PTO PAIR/PALM system. A Revised Application Data Sheet will be submitted shortly, reflecting the amended title. Kindly change the PAIR/PALM data accordingly.

The cancelation of claims requires a change to the inventorship, so that persons whose contributions related solely to the now-canceled claims are not named as inventors. A Request to Amend Inventorship under Rule 48(b) accompanies this Amendment. The Revised Application Data Sheet will also update the inventorship.

Favorable consideration is solicited.

Respectfully submitted,

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